

any Counterclaim Plaintiff for which they are or could be held liable. The Counterclaim Plaintiffs' allegations that the Celle and Verglas engaged in a "course of misconduct" or "scheme" are both false and baseless. On the contrary, at all times, Celle and Verglas' conduct with respect to the Defendants, the Contribution and Sale Agreement, the LLC Agreement, and the Employment Agreement was in good faith, in fulfillment of both the spirit and the letter of all obligations, if any, owed to the Defendants, and undertaken with nothing but the best interests of Calypso Christiane Celle Holdings, LLC and the Calypso Christiane Celle brand in mind. The Counterclaim thus appears to have been asserted maliciously as a bad faith attempt by the Defendants to refuse to live up to their admitted obligation under the Contribution and Sale Agreement to pay Celle and Verglas the Reserve Amounts that they are undeniably due.

For their responses to the numbered paragraphs in Counterclaim Plaintiffs' Answer and Counterclaim, Celle and Verglas state as follows:

1. With respect to the responses and allegations set forth in paragraphs 1 – 32 of the Answer and Counterclaim, Celle and Verglas repeat and incorporate by reference as if fully set forth herein paragraphs 1 – 32 of the Complaint.
2. Celle and Verglas deny the allegations set forth in paragraph 33 of the Answer and Counterclaim.
3. Celle and Verglas deny the allegations set forth in paragraph 34 of the Answer and Counterclaim.
4. With respect to the allegations set forth in paragraph 35 of the Answer and Counterclaim, Celle and Verglas refer the Court to the Contribution and Sale Agreement for a complete statement of its contents.

5. With respect to the allegations set forth in paragraph 36 of the Answer and Counterclaim, Celle and Verglas refer the Court to the Contribution and Sale Agreement for a complete statement of its contents, deny knowledge or information sufficient to form a belief as to the truth of the allegation that the "Investors," as that term is used therein, relied on representations and warranties contained in the Contribution and Sale Agreement, and expressly deny the allegation that Celle and Verglas' material representations and warranties were in fact false in many respects. Except as expressly set forth above, Celle and Verglas' admit the allegations set forth in paragraph 36 of the Answer and Counterclaim.

6. With respect to the allegations set forth in paragraph 37 of the Answer and Counterclaim, Celle and Verglas refer the Court to the Contribution and Sale Agreement for a complete statement of its contents.

7. With respect to the allegations set forth in paragraph 38 of the Answer and Counterclaim, Celle and Verglas refer the Court to the Contribution and Sale Agreement for a complete statement of its contents.

8. With respect to the allegations set forth in paragraph 39 of the Answer and Counterclaim, Celle and Verglas refer the Court to the Contribution and Sale Agreement for a complete statement of its contents.

9. With respect to the allegations set forth in paragraph 40 of the Answer and Counterclaim, Celle and Verglas refer the Court to the Contribution and Sale Agreement for a complete statement of its contents.

10. Celle and Verglas deny the allegations set forth in paragraph 41 of the Answer and Counterclaim.

11. Celle and Verglas deny the allegations set forth in paragraph 42 of the Answer and Counterclaim.

12. Celle and Verglas deny the allegations set forth in paragraph 43 of the Answer and Counterclaim.

13. With respect to the allegations set forth in paragraph 44 of the Answer and Counterclaim, Celle and Verglas refer the Court to the LLC Agreement for a complete statement of its contents and the parties thereto.

14. With respect to the allegations set forth in paragraph 45 of the Answer and Counterclaim, Celle and Verglas refer the Court to the LLC Agreement for a complete statement of its contents, and expressly deny the allegation that "By virtue of their positions as Members of CCCH and of its Board of Managers, Celle and Verglas were subject to . . . general fiduciary obligations."

15. With respect to the allegations set forth in paragraph 46 of the Answer and Counterclaim, Celle and Verglas refer the Court to the LLC Agreement for a complete statement of its contents, except that they expressly deny the allegation that they violated any contractual obligations or fiduciary obligations.

16. With respect to the allegations set forth in paragraph 47 of the Answer and Counterclaim, Celle and Verglas refer the Court to the LLC Agreement for a complete statement of its contents.

17. With respect to the allegations set forth in paragraph 48 of the Answer and Counterclaim, Celle and Verglas refer the Court to the LLC Agreement for a complete statement of its contents.

18. With respect to the allegations set forth in paragraph 49 of the Answer and Counterclaim, Celle and Verglas admit that they intended the Contribution and Sale Agreement and the LLC Agreement to promote the stability, success and growth of the Calypso enterprise under the umbrella of Calypso Christiane Celle Holdings, LLC, but deny knowledge or information sufficient to form a belief as to the intent of any other entity or person, including the Counterclaim Plaintiffs. Except as set forth above, Celle and Verglas deny the allegations set forth in paragraph 49 of the Answer and Counterclaim.

19. Celle and Verglas deny the allegations set forth in paragraph 50 of the Answer and Counterclaim.

20. With respect to the allegations set forth in paragraph 51 of the Answer and Counterclaim, Celle and Verglas refer the Court to the Contribution and Sale Agreement for a complete statement of its contents.

21. With respect to the allegations set forth in paragraph 52 of the Answer and Counterclaim, Celle and Verglas refer the Court to the LLC Agreement for a complete statement of its contents.

22. With respect to the allegations set forth in paragraph 53 of the Answer and Counterclaim, Celle and Verglas repeat their responses set forth in paragraphs 1 – 21 above and incorporate the same by reference as if fully set forth herein.

23. Celle and Verglas deny the allegations set forth in paragraph 54 of the Answer and Counterclaim.

24. With respect to the allegations set forth in paragraph 55 of the Answer and Counterclaim, Celle and Verglas repeat their responses set forth in paragraphs 1 – 23 above and incorporate the same by reference as if fully set forth herein.

25. Celle and Verglas deny the allegations set forth in paragraph 56 of the Answer and Counterclaim.

26. Celle and Verglas deny the allegations set forth in paragraph 57 of the Answer and Counterclaim.

27. Celle and Verglas deny the allegations set forth in paragraph 58 of the Answer and Counterclaim.

28. Celle and Verglas deny the allegations set forth in paragraph 59 of the Answer and Counterclaim.

29. With respect to the allegations set forth in paragraph 60 of the Answer and Counterclaim, Celle and Verglas repeat their responses set forth in paragraphs 1 – 28 above and incorporate the same by reference as if fully set forth herein.

30. Celle and Verglas deny the allegations set forth in paragraph 61 of the Answer and Counterclaim.

31. Celle and Verglas deny the allegations set forth in paragraph 62 of the Answer and Counterclaim.

32. Celle and Verglas deny the allegations set forth in paragraph 63 of the Answer and Counterclaim.

33. Celle and Verglas deny the allegations set forth in paragraph 64 of the Answer and Counterclaim.

AFFIRMATIVE DEFENSES

34. The Answer and Counterclaim, in whole or in part, fails to state a claim upon which relief may be granted.

35. The Answer and Counterclaim, in whole or in part, is barred by the doctrine of unclean hands.

36. Celle and Verglas do not owe fiduciary duties to any of the Counterclaim Plaintiffs.

37. All actions or omissions of action by the Celle and Verglas in connection with the business operations of Calypso Christiane Celle Holdings, LLC have been taken in good faith or in a manner they reasonably believed to be in or not opposed to the best interests of Calypso Christiane Celle Holdings, LLC.

38. The alleged injuries or damages Counterclaim Plaintiffs claim they suffered, if any, were proximately and in fact caused solely by the Counterclaim Plaintiffs own conduct, actions or omissions.

Dated: August 20, 2008

Respectfully Submitted,

CROWELL & MORING LLP

By: /s/ Jeffrey W. Pagano

Jeffrey W. Pagano
Steven D. Greenblatt
153 E. 53rd Street
New York, New York 10022
(212) 223-4000

Attorneys for Plaintiffs and
Counterclaim Defendants Christianne
Celle and Antoine Verglas